

106TH CONGRESS
1ST SESSION

H. R. 2469

To establish State revolving funds for school construction.

IN THE HOUSE OF REPRESENTATIVES

JULY 12, 1999

Mr. ANDREWS introduced the following bill; which was referred to the
Committee on Education and the Workforce

A BILL

To establish State revolving funds for school construction.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “State Revolving Funds
5 for Schools Act”.

6 **SEC. 2. STATE REVOLVING FUND PILOT PROGRAM.**

7 (a) ESTABLISHMENT.—

8 (1) COOPERATIVE AGREEMENTS.—Subject to
9 the provisions of this section, the Secretary of Edu-
10 cation may enter into cooperative agreements with
11 States for the establishment of State revolving funds
12 and multistate revolving funds for making loans to

1 local political subdivisions or local educational agen-
2 cies for building or repairing elementary or sec-
3 ondary schools which provide free public education.

4 (2) INTERSTATE COMPACTS.—2 or more States
5 may enter into a cooperative agreement under para-
6 graph (1) with the Secretary for the establishment
7 of a multistate revolving fund, to enter into an inter-
8 state compact establishing such fund in accordance
9 with this section.

10 (b) FUNDING.—The Secretary shall make grants to
11 State revolving funds and multistate revolving funds in a
12 State in a cooperative agreement under subsection (a)(1)
13 to provide initial capital for loans provided under this sec-
14 tion to local political subdivisions or local educational
15 agencies. Each fund shall apply repayments of principal
16 and interest on loans to the making of additional loans.
17 The Secretary shall take final action on an application for
18 a grant under this subsection within 90 days of the date
19 of the submittal of such application.

20 (c) REVOLVING FUND REQUIREMENTS.—In order to
21 establish a revolving fund under this section, each State
22 establishing the fund shall—

23 (1) meet the matching requirement described in
24 paragraph (d);

1 (2) identify an operating entity of the State as
2 recipient of the grant if the entity has the capacity
3 to manage loan funds;

4 (3) allow such funds to be used as reserve for
5 debt issued by the State so long as proceeds are de-
6 posited in the fund for loan purposes;

7 (4) ensure that investment income generated by
8 funds contributed to an account of the fund will
9 be—

10 (A) credited to the account;

11 (B) available for use in providing loans to
12 projects eligible for assistance from the account;
13 and

14 (C) invested in United States Treasury se-
15 curities, bank deposits, or such other financing
16 instruments as the Secretary may approve to
17 earn interest to enhance the leveraging of
18 projects assisted by the fund;

19 (5) ensure that any loan from the fund will
20 bear interest at or below the lowest interest rates
21 being offered for bonds the income from which is ex-
22 empt from Federal taxation, as determined by the
23 State;

1 (6) ensure that repayment of any loan from the
2 fund will commence not later than 1 year after the
3 project has been completed;

4 (7) ensure that the term for repaying any loan
5 will not exceed the projected useful life of the project
6 that is the subject of the loan; and

7 (8) require the fund to make an annual report
8 to the Secretary on its status and make such other
9 reports as the Secretary may require by guidelines.

10 (d) MATCHING REQUIREMENT.—In order to meet the
11 matching requirement, each State establishing a revolving
12 fund shall—

13 (1) contribute, at a minimum, in each account
14 of the fund from non-Federal sources an amount
15 equal to 25 percent of the amount of each capitaliza-
16 tion grant made to the State and contributed to the
17 fund under subsection (b); or

18 (2) require for any project financed from the
19 fund that the local political subdivision or edu-
20 cational agency contribute at least 20 percent of the
21 cost of such project from non-Federal sources.

22 (e) FORMS OF ASSISTANCE FROM REVOLVING
23 FUNDS.—

24 (1) IN GENERAL.—A revolving fund established
25 under this section may make loans to a local edu-

1 cational agency in an amount equal to all or part of
2 the cost of carrying out a project eligible for assist-
3 ance under this section. In the case of a project
4 which meets the requirement of subsection (d)(2), a
5 revolving fund established under this section may
6 make loans to a local educational agency in an
7 amount equal to up to 80 percent of the cost of car-
8 rying out a project eligible for assistance under this
9 section.

10 (2) APPLICATIONS FOR LOANS.—An application
11 to a revolving fund by a local educational agency for
12 a loan shall include—

13 (A) in the case of a renovation project, a
14 description of each architectural, civil, struc-
15 tural, mechanical, or electrical deficiency to be
16 corrected with funds under a loan and the pri-
17 orities to be applied;

18 (B) a description of the criteria used by
19 the applicant to determine the type of corrective
20 action necessary for the renovation of a facility;

21 (C) a description of improvements to be
22 made and a cost estimate for the improvements;
23 and

24 (D) such other information as the revolv-
25 ing fund may require.

1 A revolving fund shall take final action on a com-
2 pleted application submitted to it within 90 days
3 after the date of its submittal.

4 (3) CRITERIA FOR LOANS.—In considering ap-
5 plications for a loan, a revolving fund shall
6 consider—

7 (A) the extent to which the local edu-
8 cational agency involved lacks the fiscal capac-
9 ity, including the ability to raise funds through
10 the full use of such agency's bonding capacity
11 and otherwise, to undertake the project for
12 which the loan would be used without the loan;

13 (B) the threat that the condition of the
14 physical plant in the project poses to the safety
15 and well-being of students;

16 (C) the demonstrated need for the con-
17 struction, reconstruction, or renovation based
18 on the condition of the facility in the project;
19 and

20 (D) the age of such facility.

21 (f) QUALIFYING PROJECTS.—A project is eligible for
22 a loan from a revolving fund if it is a project that consists
23 of—

1 (1) the construction of new elementary or sec-
2 ondary schools to meet the needs imposed by enroll-
3 ment growth;

4 (2) the repair or upgrading of classrooms or
5 structures related to academic learning, including
6 the repair of leaking roofs, crumbling walls, inad-
7 equately plumbing, poor ventilation equipment, and in-
8 adequate heating or light equipment;

9 (3) an activity to increase physical safety at the
10 educational facility involved;

11 (4) an activity to enhance the educational facil-
12 ity involved to provide access for students, teachers,
13 and other individuals with disabilities;

14 (5) an activity to address environmental haz-
15 ards at the educational facility involved, such as
16 poor ventilation, indoor air quality, or lighting;

17 (6) the provision of basic infrastructure that fa-
18 cilitates educational technology, such as communica-
19 tions outlets, electrical systems, power outlets, or a
20 communication closet;

21 (7) work that will bring an educational facility
22 into conformity with the requirements of—

23 (A) environmental protection or health and
24 safety programs mandated by Federal, State, or

1 local law if such requirements were not in effect
2 when the facility was initially constructed; and

3 (B) hazardous waste disposal, treatment,
4 and storage requirements mandated by the Re-
5 source Conservation and Recovery Act of 1976
6 or similar State laws; and

7 (8) work to detect, remove, or otherwise contain
8 asbestos hazards in educational facilities.

9 (g) LOAN FORGIVENESS.—A State may forgive all or
10 part of any loan described in this section if the total pro-
11 jected principal and interest repayments for all loans
12 granted by the State and not forgiven under this sub-
13 section equal or exceed the combined total of all Federal
14 capitalization grants provided to the State and any match-
15 ing funds described in subsection (d)(1) provided by the
16 State.

17 (h) SUPPLEMENTATION.—Any loan made by a revolv-
18 ing fund shall be used to supplement and not supplant
19 other Federal, State, and local funds available.

20 (i) LIMITATION ON REPAYMENTS.—Notwithstanding
21 any other provision of law, the repayment of a loan from
22 a revolving fund under this section may not be credited
23 toward the non-Federal share of the cost of any project.

24 (j) SECRETARIAL REQUIREMENTS.—In administering
25 this section, the Secretary shall specify procedures and

1 guidelines for establishing, operating, and providing as-
2 sistance from a revolving fund.

3 (k) UNITED STATES NOT OBLIGATED.—The con-
4 tribution of Federal funds into a revolving fund estab-
5 lished under this section shall not be construed as a com-
6 mitment, guarantee, or obligation on the part of the
7 United States to any third party, nor shall any third party
8 have any right against the United States for payment sole-
9 ly by virtue of the contribution. Any security or debt fi-
10 nancing instrument issued by the revolving fund shall ex-
11 pressly state that the security or instrument does not con-
12 stitute a commitment, guarantee, or obligation of the
13 United States.

14 (l) MANAGEMENT OF FEDERAL FUNDS.—Sections
15 3335 and 6503 of title 31, United States Code, shall not
16 apply to funds contributed under this section.

17 (m) PROGRAM ADMINISTRATION.—For each of fiscal
18 years 2000 through 2004, a State may expend an amount
19 not to exceed 2 percent of the Federal funds contributed
20 to a revolving fund established by the State under this
21 section to pay the reasonable costs of administering the
22 fund.

23 (n) SECRETARIAL REVIEW.—The Secretary shall re-
24 view the financial condition of each revolving fund estab-
25 lished under this section biennially and transmit to Con-

1 gress a report on the results of such review not later than
2 90 days after the completion of the review.

3 (o) AUTHORIZATION OF APPROPRIATIONS.—For
4 grants to States for the initial capitalization of revolving
5 funds there are authorized to be appropriated
6 \$1,000,000,000 for fiscal year 2000 and for each of the
7 4 succeeding fiscal years.

8 **SEC. 3. DEFINITIONS.**

9 The terms used in this Act shall have the meaning
10 given such terms in section 14101 of the Elementary and
11 Secondary Education Act of 1965 (20 U.S.C. 8801).

○